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C&I TENNCARE



October 6, 2008

Shirlyn W. Johnson  
TennCare Examiner  
Department of Commerce & Insurance  
TennCare Division  
500 James Robertson Parkway, Suite 750  
Nashville, TN 37243-1169

Re: Review of NAIC 2008 Second Quarter Statement – Matter Number 08-117

Bullet # 1: Description has been added for the write- in amount.

Bullet #2: Prior year to date amounts have been corrected

Bullet #3: The change in non-admitted assets has been corrected.

Bullet #4: The provider overpayments reported on Exhibit 3 –Health Care Receivables represent uncollected balances for claim overpayments. MMCC continues to follow the policy set by TennCare in collecting these balances. As outlined in the policy set by TennCare MMCC has sent out both 30 day and 90 day certified demand letters and continues to call providers on a monthly basis. MMCC will begin to recommend that the State write off a portion of the balance that is uncollectable due to bankruptcy or providers that have gone out of business. Again MMCC will follow the policy that outlines the procedures for writing off these balances.

Bullet #5: General Interrogatory 6.1 has been changed to “February 20, 2007”.

Sincerely

Jim Proctor  
Memphis Managed Care Corp.  
Chief Financial Officer

## QUARTERLY STATEMENT

AS OF JUNE 30, 2008

OF THE CONDITION AND AFFAIRS OF THE

## Memphis Managed Care Corp

NAIC Group Code 0000 (Current Period) NAIC Company Code 0000 (Prior Period) Employer's ID Number 621539163

Organized under the Laws of Tennessee State of Domicile or Port of Entry Tennessee

Country of Domicile US

Licensed as business type:

Life Accident and Health [ ] Property/Casualty [ ] Hospital, Medical and Dental Service or Indemnity [ ]  
 Dental Service Corporation [ ] Vision Service Corporation [ ] Other [ ]  
 Health Maintenance Organization [ X ] Is HMO Federally Qualified? Yes ( ) No (X)

Incorporated/Organized July 7, 1993 Commenced Business January 1, 1994

Statutory Home Office 1407 Union Ave, Memphis, Tennessee 38104  
 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1407 Union Ave, Memphis, Tennessee 38104  
 (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1407 Union Ave, Memphis, Tennessee 38104  
 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1407 Union Ave, Memphis, Tennessee 38104  
 (Street and Number, City or Town, State and Zip Code)  
 (Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact Jim Proctor (Name) 901-515-3003 (Area Code) (Telephone Number) (Extension)  
jproctor@mmcc-tlc.com (E-Mail Address) (Fax Number)

## OFFICERS

Steven Burkett (President & CEO)  
 Jeff Brandon (Secretary)

## OTHER OFFICERS

## DIRECTORS OR TRUSTEES

Peggy Allen  
 Jeff Brandon  
 Steven Burkett  
 Brenda Jeter  
 Veronica T Mallet, MD  
 Stuart Polly, MD  
 Sylvester Reeder

State of Tennessee }  
 County of Shelby } SS

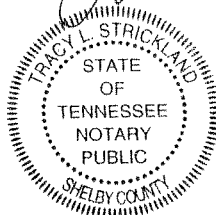
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Steven Burkett  
 Steven Burkett  
 President & CEO

Jeff Brandon  
 Jeff Brandon  
 Secretary

Subscribed and sworn to before me this  
 7 day of October, 2008

Tracy L. Strickland



a. Is this an original filing? Yes ( ) No (X)  
 b. If no: 1. State the amendment number 1  
 2. Date filed October 8, 2008  
 3. Number of pages attached 43

STATEMENT AS OF September 30, 2007 OF THE MEMPHIS MANAGED CARE CORP.

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Non Admitted'	Admitted	
						7 Current	8 Non-Current
Med-MRI	0	0	0	0	0	0	0
Medplex	0	0	0	3,000	3,000	0	0
The Health Loop	0	0	0	0	0	0	0
Midsouth Health Solutions	0	0	0	0	0	0	0
01999999 Individual Listed Receivables	0	0	0	3,000	3,000	0	0
02999999 Receivables Not Individually Listed							
03999999 Total Gross amounts Receivable	0	0	0	3,000	3,000	0	0

STATEMENT AS OF September 30, 2007 OF THE MEMPHIS MANAGED CARE CORP.

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Non Admitted	7 Admitted
0199999 Pharmaceutical Rebate Receivables	-	-	-	-	-	-
0299999 Claim Overpayment Receivables	-	-	-	671,396	671,396	-
0399999 Loans and Advances to Providers	-	-	-	120,143	120,143	-
0499999 Capitation Arrangement Receivables	-	-	-	-	-	-
0599999 Risk Sharing Receivables	-	-	-	-	-	-
0699999 Other Receivables	-	-	-	-	-	-
0799999 Gross Health Care Receivables	-	-	-	791,539	791,539	-

**Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES**

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	2,246,795
<b>REVENUES:</b>			
1 TennCare Capitation	0	0	373,474,597
2 Investment	0	0	1,313,408
3 Other Revenue	0	0	53,226
4 Total Revenue	0	0	374,841,231
<b>EXPENSES:</b>			
Medical and Hospital Services			
5 Capitated Physician Services	0	0	12,172,604
6 Fee for Service Physician Services	0	0	39,294,873
7 Inpatient Hospital Services	0	0	56,586,552
8 Outpatient Services	0	0	85,315
9 Emergency Room Services	0	0	24,010,446
10 Mental Health Services	0	0	24,488
11 Dental Services	0	0	0
12 Vision Services	0	0	2,118,889
13 Pharmacy Services	0	0	(255)
14 Home Health Services	0	0	6,529,248
15 Chiropractic Services	0	0	0
16 Radiology Services	0	0	1,521,329
17 Laboratory Services	0	0	8,432,875
18 Durable Medical Equipment Services	0	0	298,038
19 Transportation Services	0	0	3,802,540
20 Outside Referrals	0	0	0
21 Medical incentive Pool and Withhold Adjustments	0	0	0
22 Occupancy Depreciation and Amortization	0	0	0
23 Other Medical and Hospital Services	0	0	151,258,715
24 IBNR	0	0	35,904,045
25 Subtotal	0	0	342,039,702
26 Reinsurance Expense Net of Recoveries	0	0	0
<b>LESS:</b>			
27 Copayments	0	0	0
28 Subrogation			0
29 Coordination of Benefits			0
30 Subtotal	0	0	0
<b>30 TOTAL MEDICAL, HOSPITAL &amp; IBNR</b>	<b>0</b>	<b>0</b>	<b>342,039,702</b>
<b>Administration</b>			
31 Compensation	0	0	8,510,052
32 Marketing	0	0	0
33 Interest Expense	0	0	92
34 Premium Tax Expense	0	0	6,514,857
35 Occupancy Depreciation and Amortization	0	0	598,436
36 Other Administration	0	0	8,948,701
<b>37 TOTAL ADMINISTRATION</b>	<b>0</b>	<b>0</b>	<b>24,572,138</b>
<b>38 TOTAL EXPENSES</b>	<b>0</b>	<b>0</b>	<b>366,611,840</b>
<b>39 NET INCOME (LOSS)</b>	<b>0</b>	<b>0</b>	<b>8,229,391</b>

## ASSETS

	Current Statement Date			4 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	
1. Bonds .....	894,987		894,987	814,032
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ .....), cash equivalents (\$ .....) and short-term investments (\$ .....)	6,996,296		6,996,296	6,437,119
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets .....	1,200,609		1,200,609	1,200,609
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Line 1 to Line 9) .....	9,091,892		9,091,892	8,451,760
11. Title plants less \$ ..... charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	23,322		23,322	8,027
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....				
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....	116,014	116,014		1,391,737
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....				
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....				
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....	3,000	3,000		
22. Health care (\$ ..... ) and other amounts receivable .....	791,539	791,539		1,234,159
23. Aggregate write-ins for other than invested assets .....				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	10,025,767	910,553	9,115,214	11,085,683
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Totals (Line 24 and Line 25) .....	10,025,767	910,553	9,115,214	11,085,683
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....				

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....				
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....				
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	10,243		10,243	853,392
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	7,508		7,508	7,633
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	193,686		193,686	162,451
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured plans .....	621,643		621,643	756,509
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	833,080		833,080	1,779,985
23. Aggregate write-ins for special surplus funds .....	XXX	XXX		
24. Common capital stock .....	XXX	XXX		
25. Preferred capital stock .....	XXX	XXX		
26. Gross paid in and contributed surplus .....	XXX	XXX	3,699,498	3,699,498
27. Surplus notes .....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds .....	XXX	XXX		
29. Unassigned funds (surplus) .....	XXX	XXX	4,776,321	5,608,199
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... ) .....	XXX	XXX		
30.2 ..... shares preferred (value included in Line 25 \$ ..... ) .....	XXX	XXX		
31. Total capital and surplus (Line 23 to Line 29 minus Line 30) .....	XXX	XXX	8,475,819	9,305,697
32. Total Liabilities, capital and surplus (Line 22 and Line 31) .....	XXX	XXX	9,308,899	11,085,682
DETAILS OF WRITE-INS				
2101 .....				
2102 .....				
2103 .....				
2198 Summary of remaining write-ins for Line 21 from overflow page .....				
2199 Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....				
2301 .....	XXX	XXX		
2302 .....	XXX	XXX		
2303 .....	XXX	XXX		
2398 Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX		
2399 Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	XXX	XXX		
2801 .....	XXX	XXX		
2802 .....	XXX	XXX		
2803 .....	XXX	XXX		
2898 Summary of remaining write-ins for Line 28 from overflow page .....	XXX	XXX		
2899 Totals (Line 2801 through Line 2803 plus Line 2898) (Line 28 above) .....	XXX	XXX		

## STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	X X X		1,005,539	2,054,603
2. Net premium income (including \$ ..... non-health premium income).....	X X X			
3. Change in unearned premium reserves and reserve for rate credits.....	X X X			
4. Fee-for-service (net of \$ ..... medical expenses).....	X X X			
5. Risk revenue.....	X X X			
6. Aggregate write-ins for other health care related revenues.....	X X X			
7. Aggregate write-ins for other non-health revenues.....	X X X			10,537,867
8. Total revenues (Line 2 to Line 7).....	X X X			10,537,867
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits.....				
10. Other professional services.....				
11. Outside referrals.....				
12. Emergency room and out-of-area.....				
13. Prescription drugs.....				
14. Aggregate write-ins for other hospital and medical.....				
15. Incentive pool, withhold adjustments and bonus amounts.....				
16. Subtotal (Line 9 to Line 15).....				
<b>Less:</b>				
17. Net reinsurance recoveries.....				
18. Total hospital and medical (Line 16 minus Line 17).....				
19. Non-health claims (net).....				
20. Claims adjustment expenses, including \$ ..... cost containment expenses.....				
21. General administrative expenses.....		832,107	(1,685,995)	(3,297,410)
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....				
23. Total underwriting deductions (Line 18 through Line 22).....		832,107	(1,685,995)	(3,297,410)
24. Net underwriting gain or (loss) (Line 8 minus Line 23).....	X X X	(832,107)	1,685,995	13,835,277
25. Net investment income earned.....		181,993	570,060	1,250,062
26. Net realized capital gains (losses) less capital gains tax of \$.....				
27. Net investment gains (losses) (Line 25 plus Line 26).....		181,993	570,060	1,250,062
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )].....				
29. Aggregate write-ins for other income or expenses.....				
30. Net income or (loss) after capital gains tax and before all other federal income taxes..... (Line 24 plus Line 27 plus Line 28 plus Line 29).....	X X X	(650,114)	2,256,055	15,085,339
31. Federal and foreign income taxes incurred.....	X X X			
32. Net income (loss) (Line 30 minus Line 31).....	X X X	(650,114)	2,256,055	15,085,339
<b>DETAILS OF WRITE-INS</b>				
0601.....	X X X			
0602.....	X X X			
0603.....	X X X			
0696. Summary of remaining write-ins for Line 6 from overflow page.....	X X X			
0699. Totals (Line 0601 through Line 0603 plus Line 0696) (Line 6 above).....	X X X			
0701. Record Revenue from sale of assets.....	X X X			10,537,867
0702.....	X X X			
0703.....	X X X			
0796. Summary of remaining write-ins for Line 7 from overflow page.....	X X X			
0799. Totals (Line 0701 through Line 0703 plus Line 0796) (Line 7 above).....	X X X			10,537,867
1401.....				
1402.....				
1403.....				
1496. Summary of remaining write-ins for Line 14 from overflow page.....				
1499. Totals (Line 1401 through Line 1403 plus Line 1496) (Line 14 above).....				
2901. MedCall Revenue.....				
2902. MRI Revenue.....				
2903.....				
2996. Summary of remaining write-ins for Line 29 from overflow page.....				
2999. Totals (Line 2901 through Line 2903 plus Line 2996) (Line 29 above).....				



STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

**STATEMENT OF REVENUE AND EXPENSES (continued)**

CAPITAL AND SURPLUS ACCOUNT	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
33. Capital and surplus prior reporting year .....	9,305,697	26,539,158	30,209,838
34. Net income (loss) from Line 32 .....	(650,113)	3,856,660	15,085,339
35. Change in valuation basis of aggregate policy and claims reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	(179,826)	(314,951)	1,190,520
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....			
44. Capital Changes:			
44.1 Paid in .....			
44.2 Transferred from surplus (Stock Dividend) .....			
44.3 Transferred to surplus .....			
45. Surplus adjustments:			
45.1 Paid in .....			
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			
46. Dividends to stockholders .....			(37,180,000)
47. Aggregate write-ins for gains or (losses) in surplus .....		1,266,197	
48. Net change in capital and surplus (Line 34 to Line 47) .....	(829,939)	4,807,906	(20,904,141)
49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....	8,475,758	31,347,064	9,305,697
DETAILS OF WRITE-INS			
4701. ....		1,266,197	
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....		1,266,197	

**CASH FLOW**

	1	2
	Current Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....		
2. Net investment income .....	166,698	
3. Miscellaneous income .....		
4. Total (Line 1 through Line 3) .....	166,698	
5. Benefit and loss related payments .....	500	
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	(308,749)	
7. Commissions, expenses paid and aggregate write-ins for deductions .....		
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....		
10. Total (Line 5 through Line 9) .....	(308,249)	
11. Net cash from operations (Line 4 minus Line 10) .....	474,947	
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....		
12.2 Stocks .....		
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7 Miscellaneous proceeds .....		
12.8 Total investment proceeds (Line 12.1 through Line 12.7) .....		
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....		
13.2 Stocks .....		
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....		
13.6 Miscellaneous applications .....		
13.7 Total investments acquired (Line 13.1 through Line 13.6) .....		
14. Net increase or (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....		
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		
16.2 Capital and paid in surplus, less treasury stock .....		
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5 Dividends to stockholders .....	84,230	
16.6 Other cash provided (applied) .....		
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	84,230	
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) .....	559,177	
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	6,437,119	
19.2 End of period (Line 18 plus Line 19.1) .....	6,996,296	

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....		
20.0002 .....		
20.0003 .....		
20.0004 .....		
20.0005 .....		
20.0006 .....		
20.0007 .....		
20.0008 .....		
20.0009 .....		
20.0010 .....		

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital and Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters for Period:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Health Premiums Written (a)										
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services										
18. Amount Incurred for Provision of Health Care Services										

NONE

(a) For health premiums written, amount of Medicare Title XVIII exempt from state taxes or fees \$

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

**CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Aging Analysis of Unpaid Claims

<sup>1</sup> Account	<sup>2</sup> 1 - 30 Days	<sup>3</sup> 31 - 60 Days	<sup>4</sup> 61 - 90 Days	<sup>5</sup> 91 - 120 Days	<sup>6</sup> Over 120 Days	<sup>7</sup> Total
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**NONE**

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

## UNDERWRITING AND INVESTMENT EXHIBIT

### ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 plus 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Line 1 to Line 8)						
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals						

NONE

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

**NOTES TO FINANCIAL STATEMENTS**

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1. Summary of Significant Accounting Policies  
No Change
2. Accounting Changes and Corrections of Errors  
No Change
3. Business Combinations and Goodwill  
No Change
4. Discontinued Operations  
No Change
5. Investments  
No Change
6. Joint Ventures, Partnerships and Limited Liability Companies  
No Change
7. Investment Income  
No Change
8. Derivative Instruments  
No Change
9. Income Tax  
No Change
10. Information Concerning Parent, Subsidiaries and Affiliates  
No Change
11. Debt  
No Change
12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and other Postretirement Benefit Plans  
No Change
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi Re-organizations.  
No Change
14. Contingencies  
No Change
15. Leases  
No Change
16. Information about Financial Instruments with off Balance Sheet risk and Financial; Instruments with concentrations of Credit Risk  
No Change
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
  - A. No Change
  - B. No Change
  - C. Memphis Managed Care Corporation did not engage in any wash sales for the quarter Ending March 31, 2008
18. Gain or Loss to the company from Uninsured A&H Plans and Uninsured  
No Change
19. Direct Premium Written/Produced by managing general agents/third party administrators.  
No Change
20. September 11 Events  
No Change
21. Other Items  
No Change
22. Events Subsequent  
No Change
23. Reinsurance

**NOTES TO FINANCIAL STATEMENTS**

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No Change

24. Retrospectively Rated Contracts

No Change

25. Change in Incurred Claims and Claim Adjustment Expenses

No Change

26. Intercompany Pooling Agreements

No Change

27. Structured Settlements

No Change

28. Health Care Receivables

No Change

29. Participating Policies

No Change

30. Premium Deficiency Reserves

No Change

31. Anticipated Salvage & Subrogation

No Change

## NOTES TO FINANCIAL STATEMENTS (Electronic Filing Only)

## 4. Discontinued Operations

## 5. The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Revenue and Expenses

## Balance sheet

Assets

a. Line 5	Cash	\$ .....
b. Line 26	Totals	\$ .....

Liabilities, Surplus and Other Funds

c. Line 22	Total Liabilities	\$ .....
d. Line 31	Total Capital and Surplus	\$ .....
e. Line 32	Total	\$ .....

Statement of Revenue and Expenses

f. Line 2	Premiums	\$ .....
g. Line 22	Increase in aggregate reserves for accident and health (current year less prior year)	\$ .....
h. Line 31	Federal and foreign income taxes incurred	\$ .....
i. Line 26	Net realized capital gains (losses)	\$ .....
j. Line 32	Net Income	\$ .....

## 5. Investments

## A. Mortgage Loans including Mezzanine Real Estate Loans

For mortgage loans, disclose the following information

4. As of year end, the Company held mortgages with investment, excluding accrued interest
- a. Total interest due on mortgages with interest in

5. Taxes, assessments and any amounts advanced

6. Current year impaired loans with a related allowance
- a. Related allowance for credit losses

7. Impaired mortgage loans without an allowance for credit losses

8. Average recorded investment in impaired loans

9. Interest income recognized during the period the loans were impaired

10. Amount of interest income recognized on a cash basis during the period the loans were impaired

11. Allowance for credit losses:

- a. Balance at beginning of period
- b. Additions charged to operations
- c. Direct write-downs charged against the allowances
- d. Recoveries of amounts previously charged off
- e. Balance at end of period

## B. Debt Restructuring

For restructured debt in which the company is a creditor, disclose the following:

1. The total recorded investment in restructured loans, as of year end

2. The realized capital losses related to these loans

3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings

## 9. Income Taxes

## A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	<u>Current Year</u>	<u>Prior Year</u>
1. Total of gross deferred tax assets	\$ .....	\$ .....
2. Total of deferred tax liabilities	\$ .....	\$ .....
3. Net deferred tax asset	\$ .....	\$ .....
4. Deferred tax asset nonadmitted	\$ .....	\$ .....
5. Net admitted deferred tax asset	\$ .....	\$ .....
6. (Increase) decrease in nonadmitted asset	\$ .....	\$ .....

NONE



## NOTES TO FINANCIAL STATEMENTS (Continued)

### (Electronic Filing Only)

## 10. Information Concerning Parent, Subsidiaries and Affiliates

E. Indicate the amount of any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the reporting entity's or any related party's assets or liabilities:

\$ .....

## 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

## A. Defined Benefit Plan

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, of said year.

	Pension Benefits		Other Benefits	
	Current Year	Prior Year	Current Year	Prior Year
1. Change in benefit obligation				
a. Benefit obligation at beginning of year	\$ .....	\$ .....	\$ .....	\$ .....
b. Service cost	\$ .....	\$ .....	\$ .....	\$ .....
c. Interest cost	\$ .....	\$ .....	\$ .....	\$ .....
d. Contribution by plan participants	\$ .....	\$ .....	\$ .....	\$ .....
e. Actuarial gain (loss)	\$ .....	\$ .....	\$ .....	\$ .....
f. Foreign currency exchange rate changes	\$ .....	\$ .....	\$ .....	\$ .....
g. Benefits paid	\$ .....	\$ .....	\$ .....	\$ .....
h. Plan amendments	\$ .....	\$ .....	\$ .....	\$ .....
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	\$ .....	\$ .....	\$ .....	\$ .....
j. Benefit obligation at end of year	\$ .....	\$ .....	\$ .....	\$ .....
2. Change in plan assets				
a. Value of plan assets at beginning of year	\$ .....	\$ .....	\$ .....	\$ .....
b. Actual return on plan assets	\$ .....	\$ .....	\$ .....	\$ .....
c. Foreign currency exchange rate changes	\$ .....	\$ .....	\$ .....	\$ .....
d. Employer contribution	\$ .....	\$ .....	\$ .....	\$ .....
e. Plan participants' contributions	\$ .....	\$ .....	\$ .....	\$ .....
f. Benefits paid	\$ .....	\$ .....	\$ .....	\$ .....
g. Business combinations, divestitures and settlements	\$ .....	\$ .....	\$ .....	\$ .....
h. Fair value of plan assets at end of year	\$ .....	\$ .....	\$ .....	\$ .....
3. Funded status				
a. Unamortized prior service cost	\$ .....	\$ .....	\$ .....	\$ .....
b. Unrecognized net gain or (loss)	\$ .....	\$ .....	\$ .....	\$ .....
c. Remaining net obligation or net asset at initial date of application	\$ .....	\$ .....	\$ .....	\$ .....
d. Prepaid assets or accrued liabilities	\$ .....	\$ .....	\$ .....	\$ .....
e. Intangible asset	\$ .....	\$ .....	\$ .....	\$ .....
4. Accumulated benefit obligation for non-vested employees	\$ .....	\$ .....	\$ .....	\$ .....
5. Benefit obligation for non-vested employees				
a. Projected pension obligation	\$ .....	\$ .....	\$ .....	\$ .....
b. Accumulated benefit obligation	\$ .....	\$ .....	\$ .....	\$ .....
6. Components of net periodic benefit cost				
a. Service cost			\$ .....	\$ .....
b. Interest cost			\$ .....	\$ .....
c. Expected return on plan assets			\$ .....	\$ .....
d. Amortization of unrecognized transition obligation or transition asset			\$ .....	\$ .....
e. Amount of recognized gains and losses			\$ .....	\$ .....
f. Amount of prior service cost recognized			\$ .....	\$ .....
g. Amount of gain or loss recognized due to a settlement or curtailment			\$ .....	\$ .....
h. Total net periodic benefit cost			\$ .....	\$ .....

# NONE

	Current Year	Prior Year
8. Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:		
a. Weighted average discount rate	.....	.....
b. Expected long-term rate of return on plan assets	.....	.....
c. Rate of compensation increase	.....	.....
Weighted average assumptions used to determine projected benefit obligations as of Dec. 31:		
d. Weighted average discount rate	.....	.....
e. Rate of compensation increase	.....	.....

## 11. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans.

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ .....	\$ .....
b. Effect on postretirement benefit obligation	\$ .....	\$ .....

## 12. The defined benefit pension plan asset allocation as of the measurement date ..... and the target asset allocation, presented as a percentage of total plan assets were as follows:

	Current Year	Prior Year	Target Allocation
a. Debt Securities	..... %	..... %	..... % to ..... %
b. Equity Securities	..... %	..... %	..... % to ..... %
c. Real Estate	..... %	..... %	..... % to ..... %
d. Other	..... %	..... %	..... % to ..... %
e. Total	..... %	..... %	..... % to ..... %

## 13. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Years	Amount
1. ....	\$ .....
2. ....	\$ .....
3. ....	\$ .....
4. ....	\$ .....
5. ....	\$ .....
6. Thereafter Total	\$ .....

## 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

9. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses:

\$ .....

## 14. Contingencies

## A. Contingent Commitments

1. Total contingent liabilities:

\$ .....

## D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

1. Claims related ECO and bad faith losses paid during the reporting period

\$ .....

2. Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

- A) 0-25 Claims  
B) 26-50 Claims  
C) 51-100 Claims  
D) 101-500 Claims  
E) More than 500 Claims

3. Indicate whether claim count information is disclosed per claim or per claimant.

- F) Per Claim  
G) Per Claimant

# NOTES TO FINANCIAL STATEMENTS (Continued)

## (Electronic Filing Only)

## 15. Leases

A. Disclose the following items related to lessee leasing arrangements (refer to SSAP No. 22, Leases):

2. For leases having initial or remaining noncancelable lease terms in excess of one year:

a. At January 1, of said year, the minimum aggregate rental commitments are as follows:  
(whole dollars)

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1.....	\$ .....
2.....	\$ .....
3.....	\$ .....
4.....	\$ .....
5.....	\$ .....
6. Aggregate Total	\$ .....

B. When leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, disclose the following information with respect to leases:

1. Lessor Leases:

c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, of said year are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
1.....	\$ .....
2.....	\$ .....
3.....	\$ .....
4.....	\$ .....
5.....	\$ .....
6. Aggregate Total	\$ .....

2. Leveraged Leases:

b. The Company's investment in leveraged leases in leveraged leases at December 31, of said year is

(whole dollars)

1. Income from leveraged leases before income
2. Less current income tax
3. Net income from leverage leases

c. The components of the investment in leveraged leases (whole dollars)

1. Lease contracts receivable (net of principal and interest on non-recourse financing)
2. Estimated residual value of leased assets
3. Unearned and deferred income
4. Investment in leveraged leases
5. Deferred income taxes related to leveraged leases
6. Net investment in leveraged leases

**NONE**

<u>Current Year</u>	<u>Prior Year</u>
---------------------	-------------------

\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....
\$ .....	\$ .....

## 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk.

For financial instruments with off-balance risk, an insurer shall disclose in the financial statements the following information by class of financial instrument:

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Prior Year</u>
a. Swaps	\$ .....	\$ .....	\$ .....	\$ .....
b. Futures	\$ .....	\$ .....	\$ .....	\$ .....
c. Options	\$ .....	\$ .....	\$ .....	\$ .....
d. Total	\$ .....	\$ .....	\$ .....	\$ .....

## 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. Wash Sales

2. The details by NAIC designation 3 or below of securities sold during the current reporting period and reacquired within 30 days of the sale date are:

Bonds:

- a. NAIC 3
- b. NAIC 4
- c. NAIC 5
- d. NAIC 6

Preferred Stock:

- e. NAIC P/RP3
- f. NAIC P/RP4
- g. NAIC P/RP5
- h. NAIC P/RP6

<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain (Loss)</u>
\$ .....	\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....	\$ .....

# NOTES TO FINANCIAL STATEMENTS (Continued)

## (Electronic Filing Only)

## 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

## A. ASO Plans:

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during:

- a. Net reimbursement for administrative expenses (incl administrative fees) in excess of actual expenses
- b. Total net other income or expenses (including interest to or received from plans)
- c. Net gain or (loss) from operations
- d. Total claim payment volume

# NONE

1	2	3
	Uninsured Portion of Partially Insured Plans	Total ASO
		\$ .....
		\$ .....
		\$ .....
		\$ .....

## B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during said year:

- a. Gross reimbursement for medical cost incurred
- b. Gross administrative fees accrued
- c. Other income or expenses (including interest paid to or received from plans)
- d. Gross expenses incurred (claims and administrative)
- e. Total net gain or loss from operations

1	2	3
ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....
\$ .....	\$ .....	\$ .....

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp  
**NOTES TO FINANCIAL STATEMENTS - ITEM 1A**

1	2	3	4
State Prescribed Practices	Current	Prior	State of Domicile

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 5A02**

1	2	3
Percent Reduced	Investment Excluding Accrued Interest	Number of Mortgages

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 13.10**

	1	2	3	4	5	6	7	8
Description of Assets, Holder of Note and Other	Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 13.11**

1	2	3
Year (Starting with Current Year)	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus

**NONE**

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp  
**NOTES TO FINANCIAL STATEMENTS - ITEM 19**

Name and Address of Managing General Agent or Third Party Administrator	FEIN	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/Produced By
---	------	--------------------	---------------------------	---------------------------	---

NONE

**NOTES TO FINANCIAL STATEMENTS - ITEM 20F**

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
---	-------	----------------	---------------

NONE

**NOTES TO FINANCIAL STATEMENTS - ITEM 20H**

CUSIP #	Name of Issuer	General Description	Book/Adjusted Carrying Value
---------	----------------	---------------------	------------------------------

NONE

**NOTES TO FINANCIAL STATEMENTS - ITEMS 22B and 22C**

Name of Reinsurer	Amount
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NONE

**NOTES TO FINANCIAL STATEMENTS - ITEM 27A**

1 Quarter	2 Estimated Pharmacy Rebates as Reported on Financial Statements	3 Pharmacy Rebates as Billed or Otherwise Confirmed	4 Actual Rebates Received Within 90 Days of Billing	5 Actual Rebates Received Within 91 to 180 Days of Billing	6 Actual Rebates Received More Than 180 Days After Billing
--------------	---	--	--	---	---

NONE

**NOTES TO FINANCIAL STATEMENTS - ITEM 27B**

1 Calendar Year	2 Evaluation Period Year Ending	3 Risk Sharing Receivable as Estimated in the Prior Year	4 Risk Sharing Receivable as Estimated in the Current Year	5 Risk Sharing Receivable Billed	6 Risk Sharing Receivable Not Yet Billed	7 Actual Risk Sharing Amounts Received in Year Billed	8 Actual Risk Sharing Amounts Received First Year Subsequent	9 Actual Risk Sharing Amounts Received Second Year Subsequent	10 Actual Risk Sharing Amounts Received - All Other
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NONE

## GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

## PART 1 - COMMON INTERROGATORIES

## GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes ( ) No (X)
- 1.2 If yes, has the report been filed with the domiciliary state? Yes ( ) No ( )
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change: .....
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes ( ) No (X)  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes ( ) No ( ) N/A (X)  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 02/20/2007
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 11/11/2007
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 11/11/2007
- 6.4 By what department or departments?  
.....
- 6.5 Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes ( ) No ( ) N/A (X)
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes ( ) No ( ) N/A (X)
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes ( ) No (X)
- 7.2 If yes, give full information  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ( ) No (X)
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency (e.g., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....

**GENERAL INTERROGATORIES (continued)**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

- 9.11 If the response to 9.1 is No, please explain:
- .....
- .....

- 9.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)

- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- .....
- .....

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)

- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
- .....
- .....

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ( ) No (X)

- 10.2 If yes, indicate the amounts receivable from parent included in the Page 2 amount: \$ .....

**INVESTMENT**

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? Yes ( ) No (X)
- (Exclude securities under securities lending agreements.)

- 11.2 If yes, give full and complete information relating thereto:
- .....
- .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ .....

13. Amount of real estate and mortgages held in short-term investments: \$ .....

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ( ) No (X)

- 14.2 If yes, please complete the following:

	<sup>1</sup> Prior Year-End Book/ Adjusted Carrying Value	<sup>2</sup> Current Quarter Book/ Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	.....	.....
14.23 Common Stock .....	.....	.....
14.24 Short-Term Investments .....	.....	.....
14.25 Mortgage Loans on Real Estate .....	.....	.....
14.26 All Other .....	.....	.....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) .....	.....	.....
14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above .....	.....	.....

- 15.1 Has the reporting entity entered into any hedging transactions reported on schedule DB? Yes ( ) No (X)

- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ( ) No ( )

If no, attach a description with this statement.

**GENERAL INTERROGATORIES (continued)**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes ( ) No (X)

- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<sup>1</sup> Name of Custodian(s)	<sup>2</sup> Custodian Address
SunTrust .....	1366 Poplar Ave, Memphis, TN 38104 .....
.....	.....
.....	.....
.....	.....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<sup>1</sup> Name(s)	<sup>2</sup> Location(s)	<sup>3</sup> Complete Explanation(s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes ( ) No (X)

- 16.4 If yes, give full and complete information relating thereto:

<sup>1</sup> Old Custodian	<sup>2</sup> New Custodian	<sup>3</sup> Date of Change	<sup>4</sup> Reason
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<sup>1</sup> Central Registration Depository	<sup>2</sup> Name(s)	<sup>3</sup> Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ( ) No (X)

- 17.2 If no, list exceptions:

.....

.....



## SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
------------------------------	------------------------------	------------------------	------------------------	---------------	--------------------------------------	---

**NONE**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only Year to Date							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Column 2 Through Column 7	9 Deposit-Type Contracts
1. Alabama	AL N								
2. Alaska	AK N								
3. Arizona	AZ N								
4. Arkansas	AR N								
5. California	CA N								
6. Colorado	CO N								
7. Connecticut	CT N								
8. Delaware	DE N								
9. District of Columbia	DC N								
10. Florida	FL N								
11. Georgia	GA N								
12. Hawaii	HI N								
13. Idaho	ID N								
14. Illinois	IL N								
15. Indiana	IN N								
16. Iowa	IA N								
17. Kansas	KS N								
18. Kentucky	KY N								
19. Louisiana	LA N								
20. Maine	ME N								
21. Maryland	MD N								
22. Massachusetts	MA N								
23. Michigan	MI N								
24. Minnesota	MN N								
25. Mississippi	MS N								
26. Missouri	MO N								
27. Montana	MT N								
28. Nebraska	NE N								
29. Nevada	NV N								
30. New Hampshire	NH N								
31. New Jersey	NJ N								
32. New Mexico	NM N								
33. New York	NY N								
34. North Carolina	NC N								
35. North Dakota	ND N								
36. Ohio	OH N								
37. Oklahoma	OK N								
38. Oregon	OR N								
39. Pennsylvania	PA N								
40. Rhode Island	RI N								
41. South Carolina	SC N								
42. South Dakota	SD N								
43. Tennessee	TN N								
44. Texas	TX N								
45. Utah	UT N								
46. Vermont	VT N								
47. Virginia	VA N								
48. Washington	WA N								
49. West Virginia	WV N								
50. Wisconsin	WI N								
51. Wyoming	WY N								
52. American Samoa	AS N								
53. Guam	GU N								
54. Puerto Rico	PR N								
55. U.S. Virgin Islands	VI N								
56. Northern Mariana Islands	MP N								
57. Canada	CN N								
58. Aggregate Other Alien	OT X X X								
59. Subtotal	X X X								
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a)								
<b>DETAILS OF WRITE-INS</b>									
5801.									
5802.									
5803.									
5808. Summary of remaining write-ins for Line 58 from overflow page									
5899. Total (Line 5801 through Line 5803 plus Line 5808)									
(Line 58 above)									

(a) Insert the number of "L" responses except for Canada and Other Alien.

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

All entity members of a Holding Company Group that have acquired and/or disposed of any domestic entity (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

PART 1 - ORGANIZATIONAL LISTING

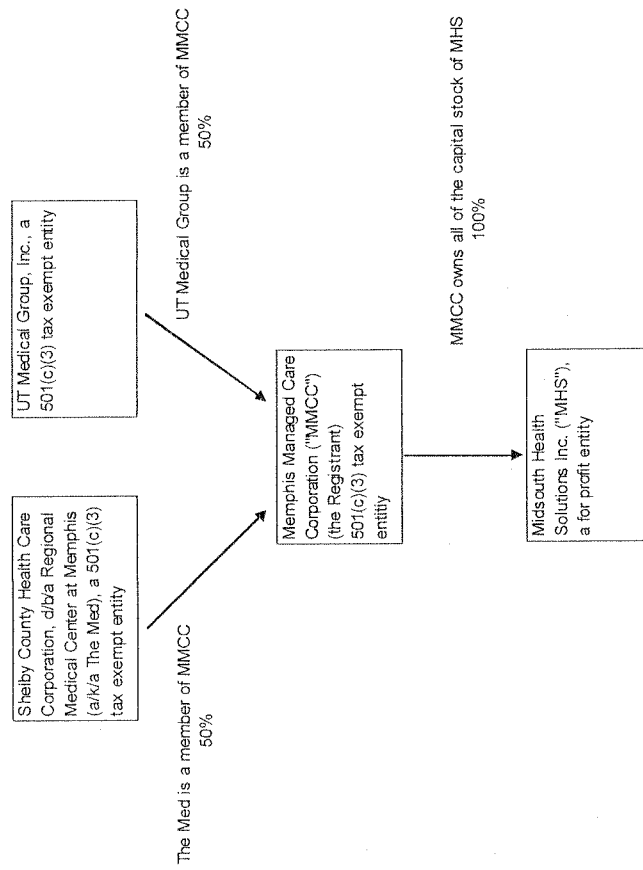
1	2	3	4	5	6
NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	FBI Number	Name of Company

NONE

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**



**SCHEDULE A - VERIFICATION**

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 plus Line 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	814,032	20,291,225
2. Cost of bonds and stocks acquired		11,148,377
3. Accrual of discount	80,955	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		146,877
6. Deduct consideration for bonds and stocks disposed of		31,020,139
7. Deduct amortization of premium		(247,992)
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	894,987	814,032
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	894,987	814,032

## STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

## SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)								
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	894,437			550	894,437	894,387		814,032
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	894,437			550	894,437	894,387		814,032
(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:								
NAIC 1 \$								
NAIC 2 \$								
NAIC 3 \$								
NAIC 4 \$								
NAIC 5 \$								
NAIC 6 \$								

**SCHEDULE DA - PART 1**

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals .....	<b>NONE</b>				

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year .....		
2. Cost of short-term investments acquired .....		
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) ..		
5. Total gain (loss) on disposals .....	<b>NONE</b>	
6. Deduct consideration received on disposals .....		
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adju: .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....		
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE DB - PART F - SECTION 1

Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset							
1	2	3	4	5	Derivative Instruments Open		7	8	9	Cash Instrument(s) Held		
Replication RSAT Number	Description	NAIC Designation or Other Description	Statement Value	Fair Value	6	Description	Fair Value	CUSIP	Description	10	11	12
										Statement Value	Fair Value	NAIC Designation or Other Description

NONE



## STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

## SCHEDULE DB - PART F - SECTION 2

Reconciliation of Replicated (Synthetic) Assets Open

	First Quarter		Second Quarter		Third Quarter			Fourth Quarter		Year To Date	
	1	2	3	4	5	6	7	8	9	10	
1. Beginning Inventory		Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	
2. Add: Opened or Acquired Transactions											
3. Add: Increases in Replicated Asset Statement Value	XXX						XXX		XXX		
4. Less: Closed or Disposed of Transactions											
5. Less: Positions Disposed of for Failing Effectiveness Criteria											
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value	XXX						XXX		XXX		
7. Ending Inventory											

NONE

**SCHEDULE E - VERIFICATION**

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of short-term investments acquired .....		
3. Accrual of discount .....		
4. Unrealized valuation incre .....		
5. Total gain (loss) on disp .....		
6. Deduct consideration rec .....		
7. Deduct amortization of pr .....		
8. Total foreign exchange cl .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) .....		
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....		

**NONE**

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED and Additions Made During the Current Quarter

1 Description of Property	2 Location		3 State	4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book / Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	City	Location							

NONE

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales under Contract"

1 Description of Property	2 Location		3 State	4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances at Prior Year End	9 Change in Book/Adjusted Carrying Value Less Encumbrances				14 Book/Adjusted Carrying Value Less Encumbrances	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	City	Location							9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Reversal	11 Current Year's Change in Encumbrances	12 Total Change in B / A, C, V, (11), (4), (6)							

NONE

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED during the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	2 City	3 State						

NONE

E02

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/Recorded Investment Excluding Prior Year	Change in Book Value/Recorded Investment					14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	2 City	3 State					8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (\$+/-, 0+/-, 1+/-)	13 Total Foreign Exchange Change in Book Value				

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									

NONE

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		5 Name of Purchaser or Nature of Deposit	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	9 Change in Book/Adjusted Carrying Value					15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) / or (Amortization) / Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.					

NONE

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)

NONE

(a) For all common stock bearing the NAIC market indicator "V" provide the number of such issues

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

1 CUSIP Identifi- cation	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Per Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAC Designa- tion or Market Indi- cator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12+13)	15 Total Foreign Exchange Change in B./A.C.V.						

NONE

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Acqui- sition	6 Exchange or Counterparty	7 Cost/Option Premium	8 Book Value	9 .	10 Statement Value	11 Fair Value	12 Year to Date Increase/(Decrease) by Adjustment	13 Used to Adjust Basis of Hedged Item	14 Other Investment/ Miscellaneous Income
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NONE

SCHEDULE DB - PART B - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force at Current Statement Date

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance/ Purchase	6 Exchange or Counterparty	7 Consideration Received	8 Book Value	9 .	10 Statement Value	11 Fair Value	12 Year to Date Increase/(Decrease) by Adjustment	13 Used to Adjust Basis	14 Other Investment/ Miscellaneous Income
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NONE



STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

SCHEDULE DB - PART C - SECTION 1

Showing all Collar, Swap and Forwards Open at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value		Statement Value	Fair Value	Year to Date Increase (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure

NONE

SCHEDULE DB - PART D - SECTION 1

Showing all Futures Contracts and Insurance Futures Contracts at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange or Counterparty	Cash Deposit	Recognized	Used to Adjust Basis of Hedged Item	Deferred	Potential Exposure

NONE

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
				Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	
Name	Location and Supplemental Information	Code	Rate of Interest			First Month	Second Month	Third Month	
Open Depositories									
REGIONS GO	TN					3,969,241	3,287,884	3,255,815	
CLAIMS	TN					73,984	73,984	73,984	
ESCROW	TN					2,000,000	2,000,000	2,000,000	
TRUST	TN					1,662,659	1,662,659	1,665,997	
0199999 - TOTAL - Open Depositories						7,705,884	7,024,527	6,995,796	
0399999 - TOTAL Cash on Deposit						7,705,884	7,024,527	6,995,796	
0499999 - Cash in Company's Office						500	500	500	
0599999 - TOTALS						7,706,384	7,025,027	6,996,296	

STATEMENT AS OF JUNE 30, 2008 OF THE Memphis Managed Care Corp

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
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**NONE**



SUPPLEMENT FOR THE QUARTER ENDING JUNE 30, 2008 OF THE Memphis Managed Care Corp

**MEDICARE PART D COVERAGE SUPPLEMENT**  
(Net of Reinsurance)

NAIC Group Code: 0000

NAIC Company Code: 00000

	1	2	3	4	5
	Individual Coverage		Group Coverage		Total Cash
	Insured	Uninsured	Insured	Uninsured	
1. Premiums Collected .....				XXX	
2. Earned Premiums .....				XXX	XXX
3. Claims Paid .....				XXX	
4. Claims Incurred .....				XXX	XXX
5. Reinsurance Coverage and Low Income (					
Claims Paid Net of Reimbursements App					
6. Aggregate Policy Reserves - Change ...				XXX	XXX
7. Expenses Paid .....				XXX	
8. Expenses Incurred .....				XXX	XXX
9. Underwriting Gain or Loss .....				XXX	XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	

**NONE**

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ ..... due from CMS or \$ ..... due to CMS